

Conversations with many Senate and House sponsors of this type of legislation made it clear to me that the language in question resulted from oversight and did not represent an intent of Congress to abolish the free trade relationship. Corrective action was taken in the Senate.

On December 15, 1967, Senators Mansfield and Metcalf, two of the original sponsors of S. 2332, introduced amendments that would eliminate both the political and economic threats posed by this type of legislation for Puerto Rico.

I say both the political and economic, because in reality we are dealing with a dual problem. It hardly matters what words one uses if the result is to curtail the necessary flow of products from insular refineries.

As Mr. Camero pointed out, the petrochemical industry, the backbone of Puerto Rico's modern industrial effort would suffer and this would be a severe blow to our hopes of raising living standards and reducing unemployment throughout the island.

I believe that the Mansfield-Metcalf amendments offer a practical solution to the S. 2332 bill problem. They would neither expand nor contract Puerto Rico's present position under the oil import program. They would permit Congress to write the 12.2 percent formula into law, which, I understand, is a major objective of S. 2332 and similar bills. But under these proposed amendments this could be accomplished without threatening Puerto Rico's economic life.

To go beyond this and revise Puerto Rico's position in the program would be to turn back the clock and impose a retroactive and substantial burden on what is already a \$400 million industry.

As I stated earlier, I am convinced the use of the term "import" to designate the onshore movement of petroleum products from Puerto Rico was an error. It is an easy error to correct.

But I hope that if the committee takes action on this type of legislation it will consider the broader implications of these bills. They deal in a very real sense with the well-being of nearly 3 million U.S. citizens in Puerto Rico.

(The information referred to follows:)

SUPPLEMENTARY STATEMENT SUBMITTED BY HON. SANTIAGO POLANCO-ABREU, RESIDENT COMMISSIONER OF PUERTO RICO, TO THE SENATE FINANCE COMMITTEE ON IMPORT QUOTA LEGISLATION—OCTOBER 26, 1967

S. 2332 AND COMMONWEALTH STATUS

1. S. 2332 proposes, *inter alia*, to add a new section (h) (2) to the national security provision of the Trade Expansion Act of 1962 (19 U.S.C.A. 1862) which would define as "imports" the shipment of petroleum products from Puerto Rico to the continental United States. These "imports" from Puerto Rico would, under S. 2332 as written, be treated the same as imports into the United States from foreign countries.

The proposed limitation on commerce between Puerto Rico and the continental United States would represent the first time in more than two-thirds of a century that Congress has attempted to restrict in any way the free trade relationship between Puerto Rico and the States. This free trade relationship was first embodied in the Puerto Rico Organic Act of 1900 through which a civil government was established for Puerto Rico after its cession to the United States by Spain. (31 Stat. 77 (1900), 48 U.S.C. 748) The Compact of 1952, which created the Commonwealth of Puerto Rico specifically re-enacted those provisions relating to the free trade relationship. (64 Stat. 319 (1959), 48 U.S.C. 731b)

2. The 1950 enabling legislation which led to the Compact of 1952 specifically recognized the principal of Puerto Rico's "government by consent" arranged "in the nature of a compact." (*Ibid.*) Subsequent to the Compact, Congress has